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Market Analysis - June 8, 2005

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Soybeans are the current heart of a healthy bull market and that is where most speculative interest currently resides. The major factors appear to be growing world demand and troubling ending stocks. Worth remembering is that the stronger dollar is will eventually ripple through to exports. This fact did not stop the bean market having sharp moves everyday last week however. Some traders are suggesting we should get used to 15 -30 cent moves everyday until the weather situation is cleared up which suggests that is a good time to trade (go long) options. Volatility is the ‘rising tide that lifts all boats’ meaning all option prices (puts and calls) increase with increases in volatility. On Tuesday of this week beans could not hold onto the gains and much of the loss was attributed to a weak cash market. Seasonally however this market has a tendency to rise between now and July. On Wednesday beans had more losses but most of that was attributed to traders squaring up their positions ahead of the June 10th USDA report. Expectations are for the U.S. ending stocks to be lowered slightly. December corn has a seasonal tendency to decline from the end of planting until the end of June. This phenomenon is known as the ‘gotcha’ according to analysts at DTN. Producers have spent the money to plant and will do anything to help the crop grow despite the prices. Corn was firm last week but lost some steam by the end of the week and the market ended 3 cents lower. Export sales were good, coming in at 744 thousand tons. This week corn started lower but the sessions were quiet. Traders seemed to sit on the sidelines waiting for weather reports. Basis bids were fairly weak and recent sales have pulled the July price down. By the middle of this week we saw even more selling – most of it prompted by selling in the bean pit. Wheat was lower last week due principally to technical selling seasonal pressure and dollar strength. Monday’s weekly progress report suggested that winter wheat was listed at 81% which was about in line with the average pace. This week wheat was lower with Kansas prices leading the move down and basis bids were reported as being much lower due to a pick up in harvest. The Southern tier counties of Kansas are actively cutting. Rain in the dry parts of Australia also dented wheat futures prices. For the rest of June we will see a lot of comments from weather traders and want to be meteorologists. Most attention will be rainfall totals, and the USDA June 10th report will surely give these markets specific direction.

BASIS TABLE

LOCATION	CORN BASIS		SOYBEAN BASIS		WHEAT BASIS	
	CASH (Jul05)	NEW(Dec05)	CASH (Jul05)	NEW(Nov05)	CASH(Jul 05)	NEW(Jul 05)
Western MD	+37	n/a	-38	n/a	-8	n/a
Central MD	+13	+5	-42	-40	+6	+5
Southern MD	-1	-12	-28	-22	n/a	-14
Upper E. Sh	+12	+1	-15	-17	n/a	-15
Lower E. Sh	+22	+10	-4	-8	-24	-15

WEEKLY CROP WEATHER SUMMARY

MARYLAND AGRICULTURAL STATISTICS SERVICE

Warmer temperatures allowed for successful days of farming during the week with good plant growth. Last week's activities included finishing up spraying for rust in **wheat**, finishing **soybean** planting, and some replanting of **corn** and **soybeans**. Rain late in the week slowed fieldwork progress, but with hot and humid temperatures around the corner, crops are expected to accelerate in growth. There were **4.7 days suitable for field work**. **Small grains** are in mostly good condition. **Barley** was rated 4 percent poor, 19 percent fair, 67 percent good, and 10 percent excellent. **Winter wheat** was rated 3 percent poor, 20 percent fair, 66 percent good, and 11 percent excellent. Fruits, including **peaches** and **apples**, were rated in mostly good condition as well. **Pasture** was rated 1 percent very poor, 3 percent poor, 28 percent fair, 46 percent good, and 22 percent excellent while **hay supplies** were rated 6 percent very short, 10 percent short, 79 percent adequate, and 5 percent surplus.

For a complete copy of the Crop Weather Summary go to: <http://www.nass.usda.gov/md/risetoc.htm#Crop>

CASH GRAINS - REGIONAL - (\$/bu) DEALERS AVERAGE CASH QUOTES								
Grade and Commodity	#2 Y Shelled Corn		#2 Yellow Soybeans		#2 Red Winter Wheat		#3 Barley	
Date	05/31	06/07	05/31	06/07	05/31	06/07	05/31	06/07
Western Md	2.54	2.53	6.30	6.30	3.10	3.05	1.78	1.78
Central MD	2.43	2.29	6.40	6.26	3.32	3.19	2.05	2.05
Southern MD	2.20	2.15	6.50	6.40	3.07	----	----	----
Upper E. Shore	2.29	2.28	6.24	6.53	----	----	----	----
Lower E. Shore	2.43	2.38	6.74	6.64	3.07	2.89	1.44	1.25
Soybean Meal Lower Eastern Shore Dealer's Average Cash quotes (\$/ton)								
Date	05/31	06/07	Date		05/31	06/07		
48% Soybean Meal	234.00	244.00	44% Soybean Meal		246.00	232.00		
FORWARD CONTRACT PRICE-REGIONAL (\$/BU) for Harvest delivery Dealer's Avg Quotes								
Grade and Commodity	#2 Y Shelled Corn		#2 Yellow Soybeans		#2 Red Winter Wheat		#3 Barley	
Date	05/31	06/07	05/31	06/07	05/31	06/07	05/31	06/07
Western Md	----	----	----	----	----	----	----	----
Central MD	2.44	2.40	6.68	6.38	3.32	3.18	----	----
Southern MD	2.27	2.23	6.60	6.56	3.12	2.99	1.45	1.45
Upper E Shore	2.36	2.36	6.21	6.61	3.11	2.98	1.50	1.45
Lower E Shore	2.49	2.45	6.74	6.70	3.11	2.98	1.44	1.44
GRAIN FUTURES- Chicago Board of Trade (\$/bu) Settle - May 03, 2005								
Corn		Soybeans		Wheat		Soybean Meal ¹		
05Jul	220.20	05Jul	674.60	05Jul	319.20	05Jul	214.20	
05Sep	229.60	05Aug	677.60	05Sep	329.20	05Aug	214.00	
05Dec	238.20	05Sep	679.60	05Dec	340.00	05Sep	214.10	
06Mar	246.40	05Nov	685.40	06Mar	349.60	05Oct	213.80	
06May	251.20	06Jan	684.20	06May	353.40	05Dec	214.10	

06Jul	255.00	06Mar	676.40	06Jul	353.00	06Jan	213.00
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HAY AND STRAW											
New Holland, PA - \$/ton - June 6, 2005 - 62 Loads											
Alfalfa		Mixed Hay		Timothy		Orchardgrass		Straw			
120.00-220.00		12.00-202.00		140.00-205.00		75.00-205.00		115.00-235.00			
Westminster, MD - \$/bale - June 7, 2005 - 90 Lots											
Alfalfa		Alfalfa Mix		Timothy		Timothy Mix		Grass Mix		Straw	
1.60-270		1.30-1.90		1.20-3.00		1.50-2.40		1.00-1.70		1.60-3.20	
POULTRY (Grade A) - Week Ending - June 11, 2005											
				Current Week		Week Ago		Month Ago		Year Ago	
NY Wtd Avg. (Fryers)				73.09		72.18		71.12		82.76	
12 City Composite				72.47		71.69		72.63		81.84	
LAMBS - Westminster, MD - \$/cwt - June 7, 2005											
Lambs		20-40lbs	90.00-120.00	90-110 lbs	90.00-120.00			Sheep		39.00-58.00	
		50-80lbs	105.00-117.50	Yearlings	----			Fat		19.00-39.00	
TERMINAL MARKETS HOGS - June 7, 2005						DIRECT MARKET HOGS - Westminster, MD - June 7, 2004					
Base Price Range		Carcass Basis		Sows (1-3)		Butcher Hogs Up to 54.00 Sows 37.50-41.50 Boars 22.75-23.00					
a.m.		Base 185 lb Hog		300-449 lbs							
Eastern Cornbelt		54.25-65.72		----		Millsboro, DE Market Hogs - (\$/cwt) - None					
Iowa, Minn		60.50-66.76		38.96-49.08							
FEEDER PIGS - (\$/cwt) -											
Gumboro, DE - May 31, 2005						New Holland, PA -					
Head:		Trend: None				Head: None		Trend: All went to slaughter			
30-39 lbs		50-59 lbs									
40-49 lbs											
CATTLE-LIVE FUTURES-Chicago Mercantile Exchange (\$/cwt) - June 7, 2005						HOGS-LEAN FUTURES-Chicago Mercantile Exchange (\$/cwt) - June 7, 2005					
June05		85.05		Dec05 87.28		Jun05 66.83		Oct05 58.78			
Aug05		83.43		Feb06 88.53		Jul05 68.08		Dec05 57.15			
Oct05		85.45		Apr06 87.25		Aug05 67.20		Feb06 58.50			
STOCKER-FEEDER CATTLE - (\$/cwt)											
Winchester, VA - June 6, 2005						Westminster, MD - June 7, 2005					
Steers		400- 500 lbs		123.00-139.50		Steers M+L		300-500lbs		90.00-107.50	
		500- 600 lbs		116.00-134.00				600-700lbs		63.00-114.00	
		600- 700 lbs		125.00-127.50				800-900lbs		74.00-89.00	
		800- 900 lbs		103.00-103.50		Heifers M+L		200-300 lbs		117.50-140.00	
Heifers		300- 400 lbs		129.00-137.00				400-500 lbs		88.00-122.50	
		400- 500 lbs		128.00-135.00				600- 800 lbs		67.50-109.000	
		500- 600 lbs		121.50-128.00							
		600- 700 lbs		94.00-101.00		Farm Calves					
Lancaster, New Holland & Vintage - Week Ending - June 4, 2005											
Bull, Hols		N/A				Plainer		N/A			
Heifers, Hols		N/A				Plainer		N/A			
SLAUGHTER CATTLE (\$/cwt)											
Westminster, MD - June 7, 2005											
Fed Steers						Fed Heifers					
Ch & Prime		93.00-94.00				Choice		86.00-93.00			
L-Ch		84.75-89.75				Prime		94.00-95.50			
Select Hols		----				Veal Calves					
Hols Feeders		----									
Cows						Beef Cross 110.00-187.50					
High Dressing		60.00-68.00				Jersey Heifers		----			
Utility		50.00-56.50				135 lbs		----			
Canners		43.00-50.00									
Shelly (Slow & Thin)		41.00-Down									
Lancaster, New Holland & Vintage - Week Ending - June 11, 2005											
Steers, H Ch & Pr 2-4		1235-1540 lbs				85.85-88.50					
Steers, Ch 2-3		1105-1480 lbs				83.75-86.75					
H Sel & Lo Ch 1-3		1120-1370 lbs				82.00-85.00					
Hols Steers, H Ch & Pr 2-3		1390-1560 lbs				78.50-81.25					
Heifers, Ch 2-3		1090-1330 lbs				83.50-85.75					
Cows, Breakers 75-80 pct lean						57.50-60.00					

For more information about this report, call 410-841-5740 or write:

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